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TAGS: [AORC](#) [IAEA](#) [IR](#) [KNNP](#)
SUBJECT: IAEA/IRAN: "LIKE-MINDED" DISCUSS DG REPORT,
UPCOMING BOARD

Classified By: Ambassador Gregory L. Schulte for reasons 1.4 (c)

Summary

11. (U) This is a guidance request; please see para 9.

12. (C) Ambassador Schulte met with the group of "like-minded" countries (EU3, CAN, AUS, NZ, NOR, ROK, JAP, ARG) on September 6, with all parties agreeing that the DG's August 31 report clearly shows Iranian defiance of UNSCR 1696 (even though some thought the report could have been more specific and tougher). All concurred that UNSCR 1696 makes suspension a legally binding requirement, as opposed to a "voluntary confidence measure." Regarding the upcoming Board meeting, there was general agreement on the need for tough country statements and a more hard-hitting Chairman's summary that contained less "NAM-like" text. The Board may need to cut-off technical cooperation to Iran at the November Board, if not before, especially in light of the Secretariat's decision not to deny Iran's request for TC assistance on the heavy water reactor at Arak. End Summary.

DG's August 31 Report "Provides What We Need"

13. (C) The various countries all agreed that the DG's report generally served our interests in highlighting Iran's defiance of UNSCR 1696. Australia, however, expressed concerns that the Secretariat seemed to have "glossed over" and downplayed Iran's denial of access to the underground enrichment halls at Natanz, which Canberra's Safeguards experts viewed as a "high-level Safeguards breach." The Australian Embassy promised to provide us a copy of Canberra's assessment, which we will forward separately. Ambassador Schulte echoed these concerns, noting that the Secretariat was arguing that the Iranians had only "delayed

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access" as a way to mitigate this action and avoid a confrontation with the IAEA. Schulte also noted that the Agency could have pushed back harder when Iran denied access to several senior inspectors. The UK and France opined that the report could have been more specific in addressing Iran's shortfalls, but the latter indicated that it "provides what we need."

UNSCR 1696: Legally Binding Mandate

14. (C) There were no dissenting views with our assessment that UNSCR 1696 is a legally binding document that takes precedence over Iran's Article IV "right" to peaceful nuclear

technologies. Suspension is no longer a voluntary, confidence-building measure, but a legally binding requirement to restore international confidence in Iran's program. The French ambassador expressed concern that the IAEA Secretariat was acting as though UNSCR 1696 was never adopted, and argued that OP6 gave new authority and responsibility to the Agency with respect to transparency measures. The French conveyed that during a meeting on September 4, the DG said that, in his view, UNSCR 1696 does not provide the Secretariat with additional legal authorities. The DG also noted that he did not need additional authorities at this time, which the French said was "a very bad argument." The UK noted that the DG is reticent to push Iran on inspection-related issues so as not to impinge on ongoing political discussions. Ambassador Schulte emphasized that we all need to remind the DG of his role as a nuclear watchdog-not as a nuclear negotiator. The Australian ambassador suggested that "like-minded" countries might want, at the Board meeting, to specify areas in which the Secretariat should use existing authority, or any new authority from UNSCR 1696, to press their investigation.

Arak Technical Cooperation: "Very Strange"

¶15. (C) The French also presaged what they viewed as a very contentious Board meeting in November, at which they envisioned the Board having to make a decision on Iran's request for TC-related assistance on the heavy water reactor at Arak -- which the Board and UNSC have asked Iran to suspend. He said that it would have been better if the Agency had shut this request down, labeling the Iranian request as a "very strange try." Ambassador Schulte agreed, noting that the UNSC will likely take this issue up and that the Board may need to consider cutting off the Agency's TC-related assistance to Iran at the November Board, if not before, though we would probably take our lead from the Security

Council.

September Board: Tough Statements, Better Chairman's Summary

¶16. (C) Noting that the Board will likely not take any decisions this month, Australia emphasized the need for tough country statements, while encouraging the EU to "speak out" instead of just having a single, coordinated statement on behalf of the entire EU. The French and UK offered up weak rebuttals; the former said that the EU statement will represent about 30 countries, while the latter cautioned about possible "daylight" between the statements that would provide fodder for the media. The US and Australia both pushed back, encouraging them to reconsider this approach.

¶17. (C) Australia, echoing our concern that Chairman Amano's summary at the June Board was unbalanced in favor of Iran, encouraged all of the EU countries to speak. Ambassador Schulte noted that, at the June Board, the Iranians seemed shocked by the DG's tougher-than-usual report, but were then comforted by the Chairman's unbalanced summary, which contained an inordinate amount of NAM-like language relative to like-minded concerns. He also recommended individual EU statements to "help" the Chairman write a better summary. At the end of the meeting, our Japanese counterparts clearly took the concerns on board and indicated that they would convey them to Amano.

P3 plus Germany Circumspect on Iran Response, Next Steps

¶18. (C) In response to several inquiries about our reactions to Iran's response and the UNSC's next steps, the French noted that the PolDirs are planning to meet in Berlin on September 7, while providing no details of planned actions. The French also handed out a copy of talking points on their

reactions to Iran's response (complete text para 10.)
Ambassador Schulte noted that the UNSC will now need to move
to a sanctions resolution, as explicitly anticipated in UNSCR
1696.

Guidance Request

19. (C) Request Washington guidance on: a) whether we share
Australia's view that Iran's denial of access to the Fuel
Enrichment Plant at Natanz was a major Safeguards violation,
even though access was subsequently granted, and whether this
should be a major point in our Board intervention; b) whether
and in what areas we should be pressing the Secretariat to
exploit existing authorities, and any additional authority
conferred by UNSCR 1696 to investigate outstanding issues
associated with Iran's nuclear program.

French Reactions to Iran's Response to P5 plus One

10. (C) Begin Text of French Talking Points:

Larijani handed over Iran's formal reply to the E3 plus 3
proposal on 22 August. In handing it over, Larijani stressed
that we respect the confidentiality of the reply, so we are
not in a position to share it with you at this stage. But, as
a country with which we have maintained a close dialogue, we
wanted to brief you on the main points.

The reply itself is long (21 pages), verbose and complicated,
and ambiguous in many places. Much of the reply is devoted to
setting out Iranian positions on the history of the
negotiations, its rights under the NPT, and its rejection of
international pressure in familiar terms.

On the key substantive points, Iran says it is prepared to
discuss the suspension in the course of negotiations, but not
before. In addition, Larijani set out conditions for entering
into a discussion of this subject:

- a. The "termination" of Iran's dossier in the Security
Council and its return to the IAEA.
- b. Normalisation of Iran's nuclear case in the IAEA.
- c. A commitment not to "pursue the limitation of Iran's
peaceful activities as the result of negotiations, but to aim
for achieving the mutually agreed methods to provide more
assurances on the peaceful nature and non-diversion of these
activities."

Contrary to previous Iranian positions, the reply makes no
reference to past Iranian failures to comply with its
obligations or address outstanding questions about its
fissile missile programme, and at one stage even suggests
that normalisation of Iran's file at the IAEA means dropping
discussion of Iran's file by the Board of Governors.

In sum, the reply is along the lines of previous Iranian
statements in that typically it neither accepts nor rejects
outright the E3 plus 3 proposals. By offering various
carrots, like the hint that Iran is prepared to resume the
suspension or resume Additional Protocol Co-operation (if a
series of very difficult to meet conditions is fulfilled) the
Iranian goal obviously is to split the international
community and draw us into a process of talks about talks, on
Iranian terms, while making no commitments of its own while
continuing with its enrichment programme.

On substance the reply as it stands implies that Iran is not
prepared to meet the critical IAEA Board requirement, now
made mandatory by SCR 1696, that Iran suspend all
enrichment-related and reprocessing activities, including R
and D until remaining questions are resolved and confidence
in the peaceful nature of Iran's nuclear programme has been
re-established. In effect, it amounts to rejection of the E3
plus 3 approach, which made clear that suspension of
enrichment is necessary for confidence and a key element of
good faith for the resumption of negotiations.

However, despite our disappointment, we do not intend to
reject the Iranian reply out of hand. The next step is 31
August when Mohammed ElBaradei will report on the process of
Iranian compliance with SCR 1696. The E3, with Russia and

China, if they wish, are seeking to meet with the Iranians at Political Director level before then to obtain further clarification on the Iranian reply and to urge them to take the action legally required by the Security Council. If Iran does not comply with the Resolution, the UNSC will have to consider further steps as required by the Resolution. We will keep you closely informed of developments.

SCHULTE